

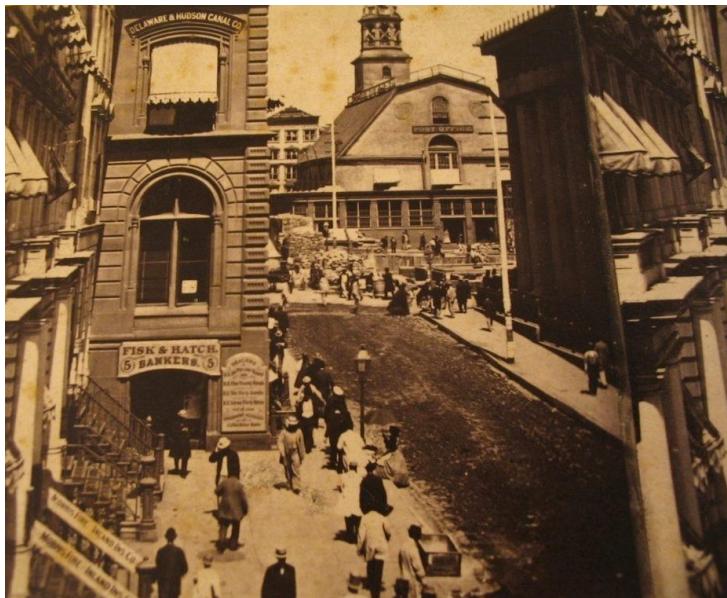
## The D&H Bank, Fractional Currency, and Obsolete Bank Notes

S. Robert Powell, Ph.D.

On March 8, 1825, the D&H Canal Company was formally organized. On March 21, 1825, its corporate headquarters were established in a building at 13 Wall Street that the managers purchased for \$29,000. At that same address, the Company, using \$500,000 of its capital, established a bank, with banking rights limited to 20 years (the bank's charter to expire on November 19, 1844). On March 31, 1825, engraved copper plates for printing bank bills and the first bank paper were ordered.

The building remained in exclusive possession of the D&H until April 21, 1831, when the D&H leased for two years a portion of its office space at 13 Wall Street to the National Bank, a New York corporation, for a yearly rental of \$2,500, the D&H reserving for its own use the two front rooms on the second floor and the front room on the third floor. Late in 1832, this lease was followed by the sale of the property to the United States government, and on December 18 it was formally conveyed to the purchaser.

Shown here is a detail of a stereographic view, published by E. & H. T. Anthony & Co. (American and Foreign Stereoscopic Emporium, 501 Broadway, New-York), of the Nassau Street/Wall Street area of New York City ("Anthony's Instantaneous Views, No. 3938, Looking up Nassau St. from the corner of Wall, showing the Post Office"). The three-story building at the far left is 13 Wall Street, D&H corporate headquarters and the location of the D&H Bank.



The original D&H corporate headquarters and the D&H Bank were located at 13 Wall Street, New York City. Shown here is a detail of a stereographic view, published by E. & H. T. Anthony & Co., New York, of the Nassau Street/Wall Street area of New York City. The photo is titled "Looking up Nassau St. from the corner of Wall, showing the Post Office". The three-story building at the far left is 13 Wall Street (seen from the back, from Nassau Street; note the "Delaware and Hudson Canal Co." sign above the window on the third story of the building). The

front of the building (not seen in this photograph) faces on Wall Street. Taking a picture of the D&H building was not the intent of the photographer. Only by chance does the D&H building appear in this photo, which may well be the only photo in existence of the D&H building at 13 Wall Street.

**Delaware and Hudson Bank Notes.** Relatively little is known about the bank of the Delaware and Hudson Canal Company and the notes issued by the bank. We know that the bank issued \$1, \$2, \$3, \$5, \$10, and \$50 notes. A photo of a \$3 bill is shown here. Notices about counterfeit one- and five-dollar D&H bank notes in circulation were published in local newspapers.



Three dollar bill, issued by the Delaware and Hudson Canal Company Bank, 13 Wall Street, NY. Note that the bill, dated "Nov 5 1833", is signed by John Wurtz, President of the D&H, 1831-1858. Photo in the collection of the Carbondale Historical Society.

In the *Dundaff Republican* of March 20, 1828 (p. 3) we read: "Caution. One dollar notes of the Bank of the Delaware & Hudson Canal Company altered to five are in circulation. The alteration is very well done, but they may be detected by the word *five* in capital letters, in the body of the note being larger and fainter than the word *dollar*, which is not the case in the genuine. *N. Y. Jour. of Com.*" (*Dundaff Republican*, March 20, 1828, p. 3)

Six weeks later, in the *Dundaff Republican* of May 1, 1828 (p. 3), it was brought to the attention of readers of that paper that altered one-dollar notes of the D&H Bank, altered to five, were in circulation: "One Dollar notes of the Bank of Delaware and Hudson Canal Company, altered to five, are in circulation. The alteration is well done."

In the following year, altered one-dollar D&H notes were again discovered in circulation, this time in Albany, NY. In bringing that fact to the attention of its readers, the *Dundaff Republican, and Canal & Rail Road Intelligencer* (July 30, 1829, p. 3) reprinted a notice from the Albany paper about the counterfeit D&H notes in the Albany area. Readers of that notice not only learned of the

existence of these counterfeit notes in Albany, but also how the alterations were accomplished by the counterfeiters:

*"Altered Bills.*—We have just seen a one dollar bill of the Delaware and Hudson Canal Co. very ingeniously altered to five dollars, by extracting the ink from the word "five," and pasting the figure 5, at the head of the bill, upon the figure 1. So skillful is the workmanship, and so well calculated to deceive, that the bill had been taken in payment by a very respectable merchant, and by him passed to another, before the cheat was discovered. We noticed a similar alteration a week or two since, in a bill of the same bank, except that the 'one,' instead of being extracted by a chemical process, to make way for a substitute, was carelessly blotted with ink, &c. / Alb.[any] Pap[er]."

**Carbondale/Luzerne County, Pennsylvania Financial Instruments.** The financial specimen / instrument, value 25 cents, shown here, is in the collection of the Carbondale Historical Society. Until recently, this specimen was thought to be *fractional currency*.



Bank note/financial instrument for twenty-five cents. Notes such as this may have been produced by Gillespie, Pierce and Co., a private bank in Carbondale, for W. H. and J. E. Richmond, so that they could conduct business at their store on Main Street in Carbondale. Photo courtesy of the Carbondale Historical Society.

At a recent symposium on the history of the Delaware and Hudson Canal Company that was hosted by three Pennsylvania historical societies (Carbondale, Waymart Area, and Wayne County) and by the Pennsylvania Canal Society, we made the acquaintance of Bob Graul, who has in-depth knowledge about nineteenth century money and financial instruments, and who noted that the financial instrument (value 25 cents) shown here is not fractional currency.

**What Is Fractional Currency?** During and after the Civil War, many people, who were not as trusting of a piece of paper as they were of precious metals, hoarded gold and silver coins, which resulted in a shortage of coinage in the marketplace. To solve that problem, the Federal government

issued fractional currency (paper money with a face value of less than one dollar and without serial numbers, and which could be redeemed by the U.S. Postal Service for its face value in postage stamps).

The idea of fractional currency first surfaced when the Treasurer of the United States, General Francis Elias Spinner, glued a couple postage stamps to a piece of paper. Eventually, the idea made it to Congress, and President Abraham Lincoln signed the Postage Currency Act on July 17, 1862. Five fractional currency issues, each with different designs, were issued by the Federal government. The first fractional currency bill was issued on August 21, 1862, and the last bill issued was February 15, 1876.

We have learned from Bob Graul, who consulted with both Robert Vandevender II (the president of the Society of Paper Money Collectors; see *Pennsylvania Obsolete Notes and Scrip* by Richard T. Hoober), and Wendell Wolka (who writes monthly for *The Numismatist*, the official publication of the American Numismatic Association) about the financial instrument referenced here. Robert Vandevender II: "There are no public sale records of any notes from this issuer. This [Carbondale] note is a true rarity." Wendell Wolka: "It's unlikely that any bank was involved with this note since no bank is listed on the note. It was a direct issue of Richmond and redeemed by him directly. This was a quite common practice in those days. If a bank was involved, the bank would have been holding money from Richmond."



To facilitate their doing business in their store on Main Street in Carbondale, W. H. and J. E. Richmond may have commissioned Gillespie, Pierce and Co., a private bank in Carbondale, to produce \$5 bank notes. It is also possible that the Richmonds had vouchers of various denominations privately produced that were redeemable in their Main Street store.

In addition to the W. H. and J. E. Richmond financial instrument, value twenty-five cents, discussed here, there is also a W. H. & J. E. Richmond financial instrument, value five dollars, in the archives of the Carbondale Historical Society.

Why did W. H. and J. E. Richmond have these financial instruments, value twenty-five cents and five dollars, produced? They did so, because they were engaged in business on Carbondale's Main Street and, in the absence of coins in general circulation, these privately issued financial

instruments (they are either bank notes, *scrip*, issued by an un-named bank, or they are vouchers produced by W. H. Richmond himself), facilitated their doing business: "RICHMOND & ROBINSON, / Dealers in Staple and Fancy Dry Goods, Boots & Shoes, Hats, Caps, Furs, Hardware, Crockery, Groceries, Provisions, &c. &c."

Shown here, from the archives of the Carbondale Historical Society (Gritman Collection), is a photograph of the Richmond and Robinson store (Richmond became the sole owner in 1851) that was located on the southeast corner of the present-day intersection of Salem Avenue and Main Street, Carbondale. The addition to the building on the right, marked "SHOE SHOP," became Carbondale's first post office.



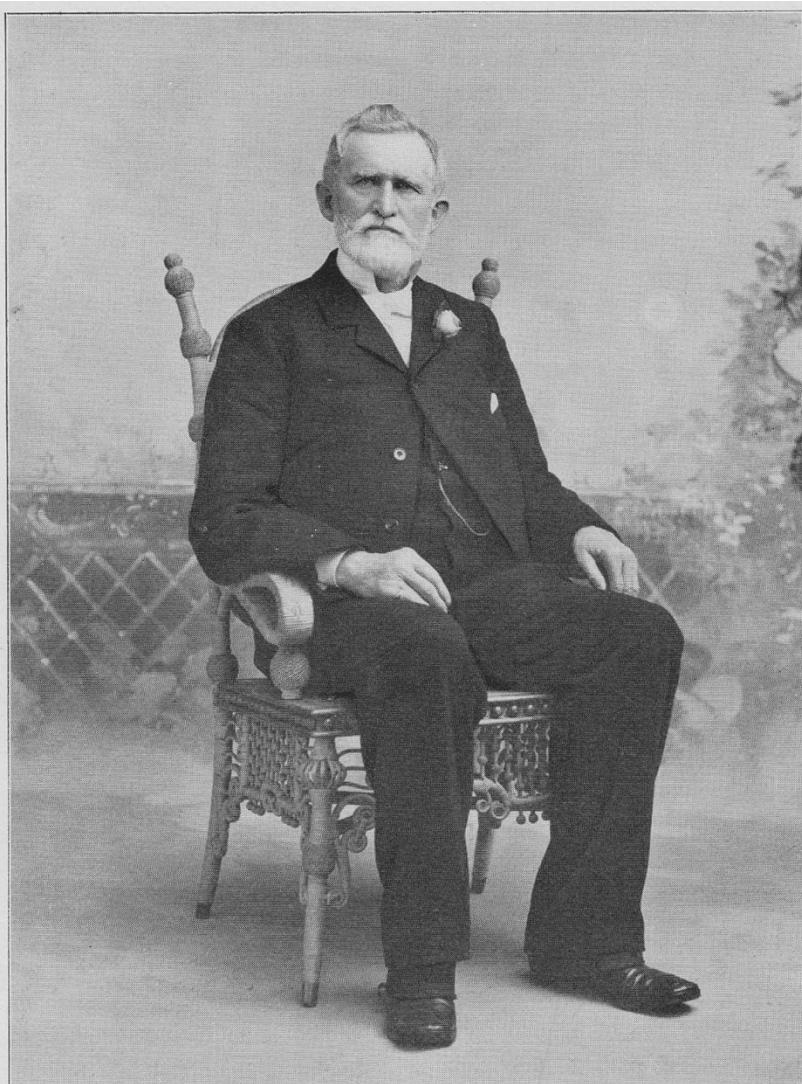
On the reverse of the photograph, W. H. Richmond, himself, wrote the following: "Photo of the first, or one of the first, framed buildings erected in Carbondale, about 1829 or 30. The front at that time was a plain door and windows like those in second story. A new front with porch and pillars was put in April 1845 when Richmond and Robinson rented the building and commenced business, with stock of general merchandise, except intoxicating liquors. The store building was erected it is understood by Salmon Lathrope [the father of the senior editor of *The Carbondale Leader* in May 1895]. William H. Richmond succeeded to the business of Richmond and Robinson in 1851. The store building was burned down on September 15, 1855, as were a large number of buildings on the Main Street."

Robinson rebuilt his store following the fire. Shown here is a photograph, from the archives of the Carbondale Historical Society, of the building that was erected by W. H. Richmond on the same site, following the 1855 fire.



The caption on the reverse of this photograph, in W. H. Richmond's own hand and dated August 7, 1901, reads as follows: "Photo of store building erected by Wm. H. Richmond in 1855 after the building was burned that was built by Salmon Lathrop in 1829 or 30 which stood upon the same ground, and it was understood to be the most imposing and convenient store building in North Eastern Penna, it was occupied by Mr. Richmond until 1865, and leased to Messrs. Crane, and in 1867 or 8 sold to Messrs. Pascoe Baker & Scurry. The building was erected after the great fire of Sept 15<sup>th</sup> 1855, and in the first part of January 1856 was filled with a full stock of goods ready for business. A grand opening was held on the evening just before business was resumed, where a large number of business men of Carbondale and vicinity were assembled, and after refreshments a number of speeches were made, notably one by the rising young lawyer P. C. Gritman, who prophesized of the grand outlet for transportation of coal to the north and west by R. Road that would some day be built along the banks of the Lackawanna River. The affair was reported by the late G. M. Reynolds who was owner and editor of the principal paper. / Wm. H. Richmond / Richmond Hill; Scranton / Pa / August 7<sup>th</sup> 1901"

**Who issued the Bank Notes (or Are They Vouchers?) Shown Here to W. H. and J. E. Richmond?** Were these financial instruments a direct issue by W. H. Richmond himself, to be redeemed by him directly, or were they issued by a bank? (No bank is named on any of these notes; if they were issued by a bank, the bank would have been holding money from Richmond.) At present, we do not know for certain the answer to that question. If they were issued by a bank, it is highly probable that the bank in question was the only bank in Carbondale at the time, Gillespie, Pierce and Co. (a private bank, established in the 1850s by Thomas Gillespie, James Stott, and Horatio S. Pierce, at the corner of Main Street and Sixth Avenue; in 1864, Gillespie, Pierce and Co. became the First National Bank of Carbondale).



WILLIAM H. RICHMOND.

William H. Richmond (10-22-1821—03-14-1922). Merchant, industrialist, coal operator, philanthropist. He was a major figure in the history of the Delaware and Hudson Canal Company and of anthracite mining in northeastern Pennsylvania.

**Obsolete Carbondale Bank Notes/Vouchers and the History of the D&H.** In addition to their value as a financial instruments in the history of American coinage, these W. H. and J. E. Richmond financial instruments are also important documents in the history of the D&H, for three reasons, all of which relate directly to W. H. Richmond: (1) W. H. Richmond and Charles Pemberton Wurts (nephew and adopted son of John Wurts, third president of the Delaware and Hudson Canal Company) were business partners from 1860 to 1863; (2) W. H. Richmond was an important figure in the history of the Delaware and Hudson Canal Company and its mining and breaker operations in the Lackawanna Valley and beyond; (3) W. H. Richmond implemented important structural innovations in breaker design in the coal fields of northeastern Pennsylvania.

We will not focus here on W. H. Richmond and his important working relationship with the Delaware and Hudson Canal Company and its mining operations. Instead, in the pages of this column in the months ahead, we will take a close look at the important role played by W. H. Richmond, a photograph of whom is shown here, in the history of the Delaware and Hudson Canal Company.

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